

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

UNITED STATES OF AMERICA : **DATE FILED:** _____
v. : **CRIMINAL NO.** _____
RAYMOND NEWSTADT : **VIOLATION: 18 U.S.C. § 1347**
 : **(Health Care Fraud - 1 Count)**

INFORMATION

COUNT ONE

THE UNITED STATES ATTORNEY CHARGES THAT:

At all times material to this Information:

1. New Start, Inc., a health care provider, offered psychiatric counseling and rehabilitation services, both individual and group. New Start, Inc. had three office locations: a) 2827 Tyson Ave., Philadelphia, PA 19149; b) Mayfair Professional Building, 7439 Frankford Ave., 2nd Floor, Philadelphia, PA 19136; and c) 2020 Penrose Ave., Philadelphia, PA 19145. The office at 2827 Tyson Ave., Philadelphia, PA 19149 was the Executive Office.

2. Defendant **RAYMOND NEWSTADT** was the CEO and Treasurer of New Start, Inc., and worked at the Executive Office with two other staff members.

3. The individual and group therapy sessions were held at the Mayfair Professional Building, covered by a full and part time staff of approximately fourteen individuals.

4. Defendant **RAYMOND NEWSTADT** submitted claims to Independence Blue Cross (IBC) for services performed by New Start, Inc. as a health care provider.

5. When a provider submitted a claim to IBC for a managed health plan, the claim was required to include information such as the insured's name and address, identification number, group number, the date and type of service provided, the place of service, the diagnosis code, the amount billed and other information.

6. In furtherance of his scheme to defraud IBC, defendant **RAYMOND NEWSTADT** submitted false invoices for individual psychiatric consultations for 75 to 80 minutes by a psychiatrist, for individuals diagnosed with neurotic disorders, alcohol or substance abuse and acute stress disorders, when in fact, many of these patients did not meet with a psychiatrist at all and/or did not suffer from the diagnoses noted on the claim form.

7. In furtherance of his scheme to defraud IBC, defendant **RAYMOND NEWSTADT** submitted false invoices for those patients that did meet with a psychiatrist by inflating the number of visits made with the psychiatrist and/or the amount of time the psychiatrist spent with the patient.

8. In furtherance of his scheme to defraud IBC, defendant **RAYMOND NEWSTADT** submitted invoices for individual psychiatric consultations for 75 to 80 minutes by a psychiatrist, when in fact, employees of New Start who are not licensed psychiatrists, but rather are psychologists and social workers, made diagnoses, and offered counseling and advice to patients.

9. From in or about May, 1998, through in or about September, 2002, in the Eastern District of Pennsylvania, defendant

RAYMOND NEWSTADT

knowingly and willfully executed a scheme and artifice to defraud a health care benefit program, that is, Independence Blue Cross, and to obtain money and property owned by and under the custody and control of Independence Blue Cross, by means of false and fraudulent pretenses, representations, and promises, in connection with the delivery of, and payment for, health care benefits and services, by submitting and causing to be submitted on behalf of his patients fraudulent health care insurance claims for psychiatric services, in the approximate amount of \$1,080,755.63.

In violation of Title 18, United States Code, Section 1347.

PATRICK L. MEEHAN
United States Attorney